

Letter from Editors

The third issue of volume 6 consists of three papers devoted to macroeconomic modelling only. Two papers are focused on economic growth, one on cycles in economic activity.

The first paper, by Michał Konopczyński, is a purely theoretical work that relies on a specially constructed general equilibrium model. The author investigates the implications of the size of budget deficit in an open economy under perfect mobility of capital. It is shown that the higher the deficit-to-GDP ratio, the lower the welfare of consumers. Similarly, welfare increases with the share of foreign creditors in public debt.

In the second paper, Marta Skrzypczyńska analyses cyclical patterns in activity of different sectors of Polish economy in the period 1995 - 2011. It is shown that the cyclical processes of Polish economic activity are driven by overlapping higher frequency fluctuations (3-4 years) and longer cycles of 8.5 years. However, the cyclical fluctuations in particular sectors have quite distinctive features in comparison to the gross value added, and the fluctuations of the latter seem to be determined mainly by industry and construction.

The third paper, by Kamil Makiela, is devoted to productivity analysis of 27 European Union member states, USA, Japan and Switzerland in the period 1996 - 2010. Bayesian Stochastic Frontier Analysis and a two-stage structural decomposition of output growth are used to trace sources of economic growth - capital accumulation, labor growth, technical progress and technical efficiency change. A number of possible model specifications are considered and the best one is chosen using formal Bayesian criteria.